

TRUSTEES' OPEN MEETING MINUTES

PLACE: Funds Administration Conference Room/Lansing, MI

DATE: April 17, 2013

TIME CALLED TO ORDER: 9:00 a.m.

MEETING RECESSED: 10:25 a.m.

MEETING CALLED BACK TO ORDER: 10:33 a.m.

MOVED TO CLOSED SESSION: 10:33 a.m.

RETURNED TO OPEN SESSION: 11:20 a.m.

OPEN MEETING ADJOURNED: 11:23 a.m.

MEMBERS PRESENT:

Trustees: Douglas A. Green, Kevin A. Elsenheimer and Michael T. Reid

Assistant Attorney General: Dennis J. Raterink and Brian Galin

Funds Staff: Mark C. Long, Allison Kelly, Richard W. Smith & Lavonne Blonde

EXCUSED:

Janice Remer

PRESIDING PERSON:

Mark C. Long, Funds Administrator

RESPECTFULLY SUBMITTED:

Lavonne Blonde, Executive Secretary

#	TOPIC	MOTIONS/SECOND/AMENDMENTS MEMORANDUMS/LETTERS	SUMMARY/RESULT
1.	Open Minutes from February 13, 2013 Trustee Meeting.	February 13, 2013 Open Minutes. Motion by Kevin Elsenheimer to approve the open minutes of February 13, 2013 as written. Douglas Green supported.	Unanimous approval. Minutes approved.
2.	Financial Statements	January and February 2013 Statements and SISF December 31, 2012 Revised Operating Statement.	Mark Long presented a revised December 31, 2013 SISF operating statement noting that it now reflects the year end trust fund balances. He also summarized the January and February financial statements. Trustees noted.

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3.	High Profile Litigation Report	Report.	<p>Mark Long highlighted the changes to Smither and Beechler and advised the ACE American and Pacific Employers Insurance Company v. Delphi and State of Michigan Workers' Compensation Agency and Fund Administration case has been added to the report.</p> <p>Trustees noted.</p>
4.	AAG/SAAG Activity and Reports	January, February and March 2013 Litigation and Billing Reports.	<p>Brian Galin noted that case count continues to go down and more cases are being handled by AG's in house. Brian also indicated that the roundtable meetings being held monthly with the Funds examiners have been very useful and adds value to the system.</p> <p>Trustees discussed.</p>
5.	Redemption Activity Report February 7, 2013 – April 8, 2013	Report.	<p>Mark Long asked if there were any questions on the redemption activity report, which is a report showing the settlements made within the Funds authority since the last trustee meeting.</p> <p>Trustees noted.</p>
6.	IT Updates	None.	<p>Mark Long advised that we are currently working on upgrades in FAIS to comply with the Workers' Compensation Agency's requirements for forms to be OCR (optical character recognition) compliant and the ability to calculate post injury wage earning capacity. We have implemented electronic vendor payments and are currently working on the process to pay claimants electronically. The State of Michigan has some specific requirements in order to receive electronic payments that the claimants will need to adhere too. We have also determined that potential garnishments by the State will not be a problem. We have programming to do to accomplish electronic claimant payments. Electronic vendor and claimant payment receipt is voluntary.</p> <p>Trustees discussed.</p> <p>Mark talked about enhancing FAIS for claims tracking and working on procedures for a more industry recognized way of reserving claims as well as better communication between examiners and AG's on claims by round table meetings.</p>

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6.	IT Updates		<p>Trustees noted.</p> <p>Finally, Mark noted that we are currently using Windows XP and the State will be pushing entities to migrate over to Windows 7 due to Microsoft discontinuing support of Windows XP. Rick Smith currently has one station set up with Windows 7 for testing of our current systems for compatibility.</p> <p>Trustees noted.</p>
7.	Assessments	Top Ten Total Paid Losses Reported for CY 2012 memo.	<p>Mark Long presented the Top Ten Total Paid Losses Reported for CY 2012 memo. This is general information that the Funds provide the Trustees every year. Mark also advised that he has had interaction with Treasury, Finance and UIA regarding electronic receipt of assessment payments and the options available. The options that Treasury accepts, ACH debit or credit card is not appealing to our payers. Mark is not recommending we move forward with the current options but he will continue to explore different options with Treasury and other parties involved.</p> <p>Trustees discussed.</p> <p>Mark also advised that the request for indemnity was made available online and a significant number of parties utilize this option.</p> <p>Trustees noted.</p>
8.	Assessment Factors SIF & SDDF	<p>SIF and SDDF & LICF 2013 Assessment Worksheets.</p> <p>Motion by Douglas Green to accept the assessment rates as presented for the Second Injury Fund and Silicosis & Dust Disease Fund for both Self-Insured Employers and Insurance Companies. Michael Reid supported.</p>	<p>Mark Long briefly reviewed the SIF and SDDF worksheets noting the formula is statutory and we will call the assessments, if approved, early May.</p> <p>Trustees discussed. Unanimous approval.</p>
9.	Employer Updates	None.	<p>Rick Smith updated the Trustees on AB Myr, Khoury, Inc. and Hostess Brands, Inc.</p> <p>AB Myr and Khoury have both been placed in receivership as the trust funds have dwindled down and we are unable to handle cases with the remaining funds. Dennis Raterink commented that AB Myr is a unique case as they recognized they were no longer able to pay and requested time to sort out</p>

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9.	Employer Updates		<p>financial issues before we put them into receivership. We agreed to work with them, if they put some money into a trust, and set a mark that once the balance dropped below the marked amount, we would then place them into receivership. This was the first time anything like this was done thus we've gained some experience and knowledge if we need to follow this path again.</p> <p>Trustees discussed.</p> <p>Rick indicated that Hostess had enough security and excess in place that there is a good possibility they will not touch the SISF and their claims are more recent rather than vintage.</p> <p>Trustees discussed.</p>
10.	SISF Excess Insurance	None.	<p>Mark Long advised the Delphi situation has brought up the conversation of SISF obtaining excess insurance. The time to purchase excess would be before a catastrophe happens. Prior to purchasing an excess policy we would need to determine the potential liability of the SISF, how do we avoid being in this situation in the future and what products are available. Initial discussions centered on a finite risk policy but it is not cost effective. Mark has had an informational meeting with John Schrock at the Agency and the State's insurance broker. We will continue to explore our options. It is necessary to ensure that we do not face a funding shortfall again in the future. More information to follow.</p> <p>Trustees noted.</p>
11.	Vendor Review	None.	<p>Mark Long indicated that Rick Smith is undertaking a comprehensive review of our current vendors to be sure we are getting the best deal. Rick advised that we get a monthly summation from our current medical reviewer and will compare to rates of other vendors available. He will also be reviewing our pharmacy system. Rick is talking to several medical and pharmaceutical companies that provide services in our area.</p> <p>Trustees discussed.</p>
12.	Assessments SISF	Self-Insures' Security Fund and Trust Fund CY 2013 Projected Cash Flow Statement.	<p>Rick Smith highlighted the Self-Insures' Security Fund and Trust Fund CY 2013 projected cash flow statement as well as the Self-Insures' Security Fund assessment request memo.</p>

		Self-Insures' Security Fund Assessment Request Memo.	
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12.	Assessments SISF	<u>Self-Insures' Security Fund Assessment Request Memo.</u> Motion by Douglas Green to recommend the Agency Director call the assessment in the amount of 3%. Michael Reid supported.	Trustees discussed. Douglas Green and Michael Reid approved. Kevin Elsenheimer abstained.
13.	Magistrate Conflicts	Rule 418.57 Disqualification of magistrate.	Mark Long noted that due to the limited number of magistrates that the topic of "waiving magistrate conflicts" has arose at the hearing sites. The Funds has a conflict with Magistrate Timmons. However we are often a party to a case where a co-defendant will be conflicted with the magistrate. Magistrate rules do not specify the ability to waive a conflict; while the court rules due allow for waivers as long as all parties agree to waive. The trustees recommend that the Bd. Of Magistrates modify their rule. The matter of the Funds agreeing to waive conflicts was tabled.
14.	Stipulated Redemption	MCL 418.836 Approval of redemption agreement; findings; factors considered in making determination; employer as party. Motion by Douglas Green to allow the Fund Administration to use MCL 418.836 for stipulated redemptions. Michael Reid supports.	Mark Long stated that a recent round table meeting with the AG's brought up the stipulated redemption issue. Brian Galin gave the highlights of the specific case and discussed the options available to redeem. Trustees discussed. Unanimous approval.
15.	Any Other Items Before the Board	None.	None.
16.	Moved into Closed Session	Motion made by Kevin Elsenheimer to move into closed session to discuss issues of trial or settlement strategy with Council and attorney-client privileged documents. Douglas Green supported	Unanimous approval. Moved into closed session at 10:33 a.m.
17.	Closed Minutes from February 13, 2013.	February 13, 2013 Closed Minutes. Motion made by Kevin Elsenheimer to approve the closed minutes from February 13, 2013 as presented in closed session. Michael Reid supported.	Unanimous approval.
18.	Next Meeting	None.	The next meeting will be held on Wednesday, June 12, 2013 at 9:00 a.m. Trustees noted.

